BARCLAY FACT SHEET 29 January 1988

Estimated Market Shares

Country	Highest M/S	Present M/S	Trend
U.S.A.	1.3	[ ]	Declining
Belgium	2.9	2.2	Flat
Finland	2.9	2.6	Growing
Germany	0.2	0.1	Flat
Netherlands	2.8	2.6	Flat
Norway	9.0	8.0	Declining
Switzerland	5.7	4.6	Flat/Growing
Bahrain	0.1	0.1	Growing
Kuwait	2.4	2.4	Growing
Oman	0.2	0.2	Growing
Qatar	0.1	0.1	Growing
Saudi Arabia	0.9	0.9	Growing
United Arab Emirates	0.1	0.1	Growing
Hong Kong	[ ]	[ ]	
Singapore	[ ]	[ ]	

Types of Product

There are basically two types of Barclay cigarette. The original product delivered all of its ventilation through perforations in the tipping paper into the four peripheral channel. The modified product has, in addition, a row of perforations between the tobacco rod and the internal closed end of the channels, which permits some ventilation through the core of the filter. The modified product has potentially greater flexibility for varying the combinations of delivery numbers when the channels are open and when they are blocked. The peripheral channels in both versions are subject to blockage when smoked by humans. The only country where the original version is still sold is Switzerland. *

Presentation

There are at least six different ways in which the tar and nicotine numbers are indicated on Barclay 85 mm packs:

U.S.A.	-	3.0 mg. tar on the front panel.
Benelux	-	1.0 mg. tar on the pack.
Finland	-	1.0 mg/.0.2 mg. on the side panel. "American Blend" printed on the front panel.
Germany	-	6.0 mg./0.6 mg. on the tax banderole.
Norway	-	6.0 mg./0.6 mg. on the side panel.
Switzerland	-	"Tar 1 mg. Nicotine 0.2 mg. "If ventilation blocked : Tar 9 mg. Nicotine 0.9 mg." printed on the front and back panels.
GCC	-	Tar 1 mg. Nicotine 0.2 mg in Arabic on side panel. "Ultra Low Tar" on the front and back panels.
Duty-Free	-	"1 mg Tar" on the front and back panels.

* In Belgium, the Netherlands, Switzerland, Finland Barclay is still being sold in its original version.

F. Lopes 14.3.88

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In Finland and the GCC markets, Barclay was first launched carrying a bold "1 mg. Tar" number printed on the front and back panels. This was in addition to the legally required tar and nicotine declarations, which in both cases was positioned discretely on the rear of the pack. However, this "1 mg. Tar" feature has now been removed, and the Barclay sold in these domestic markets have pack representations as described above. The Barclay sold in the duty-free markets, almost without exception, still carry the "1 mg Tar" feature printed on the front and back panels.

Advertising

In the United States, Barclay is advertised as "99% tar free" and shows the 3 mg. pack in its advertising. In Scandinavia/Finland and in the GCC, Barclay has been extensively advertised in the transnational press, originally emphasizing the "99% tar free" claim as well as showing pictures of the 1 mg. pack. However, this campaign has progressively shifted away from representations of the tar yield to a "Pleasure by Design" theme, which shows no numbers in the advertisement.

In Switzerland, Barclay advertisements originally showed the pack without numbers, or no pack at all, but this has recently changed to showing the Swiss Barclay pack with its double tar and nicotine numbers.

In markets where local tobacco advertising is legally permitted and where Barclay is sold as a 1 mg. cigarette, its advertising tends to emphasize the 1 mg. tar number. Such advertising is particularly evident in the duty-free markets of Scandinavia/Finland where, irrespective of the domestic situation, Barclay is still being sold in the 1 mg. pack and being heavily promoted as a 1 mg. cigarette. In certain Turkish duty-free outlets, Barclay 100s has been launched as a 1 mg. tar cigarette.

The Legal / Political Position in Each Country

U.S.A.

In keeping with the 1983 injunction which prohibitted the "1mg. tar" claim in advertising, B&W requested and received FTC approval in July 1986 to advertise Barclay as 3 mg. tar (kings) and 5 mg. tar (100mm) "as authorized by FTC". B&W is also permitted by the courts to continue saying "99% tar free". In 1986 the FTC stopped its cigarette testing program. We have been unable to find out the basis of the FTC approval of Barclay's 3 mg rating, but we suspect it is based on the 1982 report of "three independent experts" Koslowsky, Bock and Guerin. At that time Bock said B & W's data "do not show that Barclay is not like a 3 mg. cigarette", and Guerin commented "I believe the Barclay is more appropriately ranked with brands delivering 4-5 mg. tar per cigarette rather than with brands delivering 1 mg. tar per cigarette".

Benelux & Finland

BAT launched Barclay in the Benelux and Finland with claims of 1 mg. tar.

The Belgian Supreme Court (Cour de Cassation) decided that Barclay could continue being labeled with the 1 mg/ 0.2 mg ISO numbers. Efforts in Belgium have recently focused on persuading the Belgian authorities to change the testing standard for channel-ventilated cigarettes, but so far without success.

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In the Netherlands, a similar approach with the authorities has so far been similarly unfruitful.

In Finland, there are maximum constituent levels of 15 mg. tar and 1.2 mg. nicotine, and the law provides for testing by CORESTA methods. There were initial contacts with the authorities, but such efforts were subsequently halted. Plans to persuade the Finnish authorities to adopt the German DIN VORNORM are in abeyance pending resolution of the excise tax reform issue. BAT's support of a higher specific to total tax ratio is deemed essential to achieve a favorable reform.

Germany

Following litigation and the involvement of the German Health Authorities, BAT and the rest of the industry agreed to adopt a preliminary testing standard for channel ventilated cigarettes (the German DIN VORNORM). It requires testing with the channels open and closed (glue inserted in the exit end of the channels) and averaging the high and low T&N numbers. Barclays is so rated as tar 6 mg. and nicotine 0.6 mg (DIN). This compromise accepted by BAT Germany has been disowned by the BAT London HQ.

There have been proposals within DIN to develop a final NORM involving human testing to estimate the actual reduction in dilution when channel ventilated cigarettes are smoked by humans. This estimate of dilution reduction would be used to determine where between the high and low T&N measurements the rating numbers should be set. These proposals are temporarily suspended as the Germans see presently no practical need to replace the simple VORNORM by a more complicated NORM.

Norway

Printing T&N numbers on cigarette packs has been required since January 1985. Following investigations by the Health Authorities, Norway formally adopted new regulations, effective 1 May 1986, that require channel ventilated cigarettes to be measured according to the German DIN VORNORM. Barclay is obliged to declare the same numbers as in Germany, namely, 6 mg. tar and 0.6 mg. nicotine.

Switzerland

In April 1987, the Geneva Court decision confirmed that Barclay's 1 mg. tar claim was unfair competition. Hearing on damages due to FTR, Burrus, RJR and Laurens will be held on February 11 and 18 and March 17, 1988. The final decision could be appealed.

As an interim measure, the Federal Office of Public Health prescribed in November 1984 that BAT display two sets of T&N numbers on the pack: one obtained through ISO measurements and the other with all ventilation blocked (tape over the tipping paper). See p. 1.

France, Italy, Spain, Sweden, and the United Kingdom

Barclay has not been introduced in France, Italy and Sweden where the government-owned tobacco companies have refused to distribute the product. In the United Kingdom, Barclay was not launched with a channel ventilated filter after the authorities made it clear that the 1 mg. rating would not be accepted. It is also not sold in Spain.

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Austria and Portugal

Austria Tabak have assured us that they would apply the VORNORM in Austria should BAT attempt to launch Barclay. However, they have declined to join the battle within ISO and CORESTA to ensure that a suitable solution is found internationally for reasons of lack of manpower, interest and domestic need.

In Portugal, Barclay is not on sale, but the authorities recently supplemented their existing cigarette testing standards by adopting the German DIN VORNORM for channel-ventilated cigarettes. (without smell)

Turkey

Barclay has been sold in Turkish duty-free outlets with "1 mg. Tar" on the pack since early 1986. Tekel (looking for a competitor to Marlboro) has ordered Barclay for the domestic market and a February launch is possible. We (WT) have written Tekel urging them not to allow B&W to put the "1 mg. Tar" claim on the domestic packs, but we have had no reaction.

The GCC Countries

In 1987 the Gulf Cooperation Council countries adopted and began the implementation of new import specifications for cigarettes, which included the reduction of maximum constituent levels to 12 mg. tar and 0.8 mg. nicotine per cigarette. The new regulations also provided for the establishment of a cigarette testing methodology for the GCC region, and this is currently being prepared by the Gulf Standards and Metrology Organisation (G.S.M.O.). Present indications are that the testing methodology for conventional cigarettes will based upon the ISO standards, perhaps with a supplementary procedure (like the German DIN VORNORM) for the testing of channel-ventilated cigarettes.

Kuwait

The Environmental Protection Council (the government authority responsible for cigarette testing) has been testing Barclay using the German DIN VORNORM, and they have followed-up with various meetings with independent testing laboratories (e.g. C.E.R.I.A. in Belgium) and representatives of both Philip Morris and BAT/B&W. In December 1987 the EPC recommended to the Kuwait Ministry of Commerce to adopt the German DIN VORNORM for testing of channel-ventilated cigarettes to be sold in Kuwait, and we have been informed that BAT/B&W and their agents agreed, pending the decision of the Kuwait Ministry of Commerce, not to import into Kuwait any Barclay cigarettes beyond the four months supply which was then on the water.

The decision of the Kuwait Ministry of Commerce is expected in early 1988, but there may first be further meetings between the EPC and the manufacturers.

Saudi Arabia

Saudi Arabia holds the key as to how the Gulf countries will deal with the issue of channel-ventilated cigarettes. The Saudi Arabian Standards Organization (SASO) is drafting (on behalf of G.S.M.O.) the GCC cigarette testing standards, and SASO will validate them in its new cigarette testing

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laboratory (presently under construction with PM assistance). SASO's laoratory will act as monitor for all other GCC laboratories, and it will conduct testing for those GCC countries that do not have a laboratory.

SASO technicians have already received laboratory training from FTR in ISO testing procedures and the options for testing channel ventilated cigarettes, including the German DIN VORNORM. Saudi officials have indicated that their intention is to conduct tests on Barclay imports using the German DIN VORNORM, once the SASO Laboratory is fully operational in March 1988.

ISO / CORESTA

On 15 April 1987, ISO (International Organization for Standardization) adopted two International Standards - 4387 and 8453 - for measuring condensate in cigarettes. These standards follow traditional CORESTA methods, and they do not have special provisions for channel ventilated cigarettes.

PM scientists have been working within ISO Working Group 6 (WG6) (Applicability of Smoking Methods), a group of experts including BAT representatives, to have the standards modified to include the German DIN VORNORM or some other suitable method for channel ventilated cigarettes. Certain scientists at Imperial (UK) and in Belgium are advocating the adoption of a more sophisticated method (e.g., similar to the German final NORM proposal).

WG6 will meet in Delft on February 18, and it will report to Technical Committee 126 (Tobacco) meeting in Beijing on April 25 (held once every 18 months). TC 126 votes by national bodies, and the members within each country have to agree a position beforehand. PM and BAT/B&W often have a stand-off. In 1987, both PM International and B&W joined ANSI (American National Standards Institute).

CORESTA formed a Task Force in 1986 to study the problems of channel ventilated cigarettes, but its results have been inconclusive to date.

Summary of BAT/B&W Argumentation

The following points were specifically raised during recent discussions in Kuwait and have emerged as BAT/B&W's most recent arguments for rejecting the German DIN VORNORM :

-- the new ISO standards are applicable to all types of cigarette;

-- Germany and ISO are planning to change the Barclay numbers (without specifying details);

-- If Kuwait insists on the double testing of Barclay with channels open and occluded, then all other cigarettes should be tested similarly.

-- If machine deliveries are to be considered, Barclay can be tested with ISO Standards 4387 and 8453. If human burden is the criterion, then all ventilated low delivery cigarettes need other test methods.

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